

DOCUMENT RESUME

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Audit of the Stationery Revolving Fund for the Fiscal Year Ended June 30, 1977. GGD-78-33; B-114862. February 22, 1978. 3 pp. + 4 enclosures (4 pp.).

Report to Edmund L. Henshaw, Jr., House of Representatives: Clerk of the House; by Elmer B. Staats, Comptroller General.

Issue Area: Accounting and Financial Reporting (2800).

Contact: General Government Div.

Budget Function: General Government: Legislative Functions (801).

Organization Concerned: House of Representatives: Office Supply Service.

Congressional Relevance: House Committee on House Administration.

Authority: 2 U.S.C. 46b.

The Stationery Revolving Fund of the House of Representatives is administered by the Office Supply Service under the jurisdiction of the Clerk of the House. Funds appropriated to the House of Representatives for Members' stationery allowances are transferred to the Fund. The Office Supply Service furnishes House Members, committees, departments, and officers with stationery and supplies at cost. Purchases by Members are charged against their allowance accounts, and purchases by committees, departments, and officers must be approved by the Chairman of the House Committee on House Administration. Findings/Conclusions: A minicomputer has been installed at the Office Supply Service which should resolve several of the inventory control problems commented on in previous reports. An audit was made in accordance with the Comptroller General's standards for auditing financial transactions, accounts, and reports of governmental activities. The financial statements were prepared on a basis consistent with that of the preceding year and present fairly the financial position of the Stationery Revolving Fund at June 30, 1977, and June 30, 1976, the results of its operations, and changes in its financial position for the fiscal years then ended. (RRS)



***REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES***

**Audit Of The Stationery
Revolving Fund For The Fiscal Year
Ended June 30, 1977**

House of Representatives



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114862

The Honorable Edmund L. Henshaw, Jr.
Clerk of the House of Representatives

Dear Mr. Henshaw:

We have audited the Stationery Revolving Fund of the House of Representatives for the fiscal year ended June 30, 1977, pursuant to your request dated May 24, 1977.

GENERAL COMMENTS

The Stationery Revolving Fund, established by the act of July 17, 1947 (2 U.S.C. 46b-1), is administered by the Office Supply Service under the jurisdiction of the Clerk of the House of Representatives, subject to rules and regulations of the Committee on House Administration.

Funds appropriated to the House of Representatives for Members' stationery allowances are transferred to the Stationery Revolving Fund. At present, each Member's account is credited with an allowance of \$6,500 at the beginning of each regular session of the Congress for the purchase of stationery and other supplies for official purposes. A pro rata amount is provided for incoming Members serving less than a full session.

Before the 95th Congress a Member could withdraw any unused amount of the stationery allowance in cash. Under the system which became effective January 3, 1977, a Member may only withdraw a sum not to exceed \$1.00 in cash from the stationery allowance each regular session of Congress. Under this system, a Member may also elect to transfer unexpended funds from the stationery account to certain other allowances, e.g., travel, computer services, and district office rental, or from the other allowances to the Member's stationery account.

The Office Supply Service furnishes House Members, committees, departments, and officers with stationery and supplies at cost (exclusive of salaries and other operating expenses incurred in operating the revolving fund). Purchases by Members are charged against their stationery

allowance accounts. Purchases by committees, departments, and offices must be approved by the Chairman, Committee on House Administration. The Stationery Revolving Fund is reimbursed for such purchases.

INVENTORY CONTROL PROBLEMS CORRECTED

Our report, "Audit of the Stationery Revolving Fund, Fiscal Year 1976" (GGD-77-35, dated May 19, 1977) contained recommendations to improve inventory controls.

During the course of our review, a minicomputer was installed at the Office Supply Service. The computer system as designed should resolve several of the inventory control problems commented on in our previous report. The new system will maintain a record of stock transfers between the various storage locations and provide inventory control over items, such as Hallmark books and ribbons, which previously had not been controlled by or listed on the inventory control card system. These controls should provide the Office Supply Service with a more effective inventory management system.

Office Supply Service management has taken steps to overcome the problems of unrestricted access to the stockroom. A "dutch-door" has been installed between the stockroom and sales floor. In addition, a stock clerk is stationed near this entrance to accommodate customers and to fill orders from the sales clerks. These steps should provide improved security over the stockroom and control of stockroom inventories.

SCOPE OF AUDIT

We made our audit in accordance with the Comptroller General's standards for auditing financial transactions, accounts, and reports of governmental activities. These standards include generally accepted auditing standards. Our examination included a review of operations and of applicable Federal laws, and such tests of the accounting records and such other auditing procedures as we considered necessary, including a verification of Members' stationery account balances.

OPINION ON FINANCIAL STATEMENTS

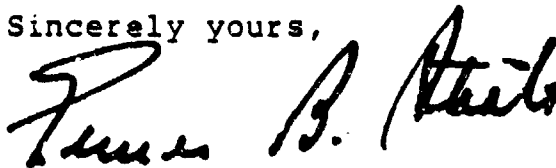
We prepared comparative statements of assets and liabilities (sch. 1), operations and retained income (sch. 2), and change in financial position (sch. 3) from records of the Office Supply Service. Appropriations to the House of Representatives cover salaries and other operating expenses of the Office Supply Service and are not included as expenses in computing the net income of the Stationery Revolving Fund.

In our opinion the accompanying financial statements, which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangements described above, present fairly the financial position of the Stationery Revolving Fund at June 30, 1977, and June 30, 1976, the results of its operations, and the changes in its financial position for the fiscal years then ended.

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We are sending a copy of this report to the Chairman, Committee on House Administration.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "James B. Smith". The signature is fluid and cursive, with the first name "James" and last name "Smith" clearly legible, and "B." in the middle.

Comptroller General
of the United States

SCHEDULE 1

SCHEDULE 1

HOUSE OF REPRESENTATIVESSTATIONERY REVOLVING FUNDCOMPARATIVE STATEMENT OF ASSETS AND LIABILITIESJUNE 30, 1977, AND 1976

	<u>1977</u>	<u>1976</u>
<u>ASSETS</u>		
CASH:		
In U.S. Treasury	\$1,357,553	\$ 977,214
ACCOUNTS RECEIVABLE:		
Committees, officers of the House, and others	\$62,352	\$82,180
Members' stationery accounts overdrawn	474	1,079
Vendors	<u>2,623</u>	<u>7,034</u>
	63,449	90,293
MERCHANDISE INVENTORY, at cost	<u>699,193</u>	<u>773,854</u>
Total assets	<u>\$2,122,195</u>	<u>\$1,841,361</u>
<u>LIABILITIES AND RETAINED INCOME</u>		
ACCOUNTS PAYABLE (note a):		
Due vendors	\$ 298,757	\$ 210,748
AMOUNT DUE MEMBERS (sch. 4)	1,505,511	1,345,427
ALLOWANCE APPROPRIATED BUT NOT ALLOTTED	8,467	4,500
RETAINED INCOME (sch. 2)	<u>309,360</u>	<u>280,686</u>
Total liabilities and retained income	<u>\$2,122,195</u>	<u>\$1,841,361</u>

a/Obligations for undelivered orders amounted to \$367,949.67 at June 30, 1977,
and \$191,796 at June 30, 1976.

HOUSE OF REPRESENTATIVESSTATIONERY REVOLVING FUNDCOMPARATIVE STATEMENT OF OPERATIONS
AND RETAINED INCOME FOR FISCAL YEARSENDED JUNE 30, 1977, AND 1976

	<u>1977</u>			<u>1976</u>		
	<u>Merchandise</u>	<u>Services</u>	<u>Combined</u>	<u>Merchandise</u>	<u>Services</u>	<u>Combined</u>
NET SALES:						
Members	\$2,394,710	\$16,394	\$2,731,104	\$2,470,366	\$314,984	\$2,785,350
Committees, officers of the House, and others	<u>836,029</u>	<u>10,603</u>	<u>846,634</u>	<u>781,387</u>	<u>5,597</u>	<u>786,984</u>
Total	<u>3,230,739</u>	<u>406,999</u>	<u>3,637,738</u>	<u>3,251,753</u>	<u>320,581</u>	<u>3,572,334</u>
COST OF SALES:						
Beginning inventory (note a)	773,854	-	773,854	955,367	-	955,367
Purchases less re- turns and discounts	<u>3,127,404</u>	<u>406,999</u>	<u>3,534,403</u>	<u>3,066,642</u>	<u>320,581</u>	<u>3,387,223</u>
Total	3,901,258	406,999	4,308,257	4,022,009	320,581	4,342,590
Less ending inventory (note a)	<u>699,193</u>	<u>-</u>	<u>699,193</u>	<u>773,854</u>	<u>-</u>	<u>773,854</u>
Cost of sales (note b)	<u>3,202,065</u>	<u>406,999</u>	<u>3,609,064</u>	<u>3,248,155</u>	<u>320,581</u>	<u>3,568,736</u>
NET INCOME FOR THE PERIOD (note c)	<u>\$ 28,674</u>	<u>\$ -</u>	<u>\$ 28,674</u>	<u>\$ 3,598</u>	<u>\$ -</u>	<u>\$ 3,598</u>
RETAINED INCOME:						
Balance be- ginning of period			\$ 280,686			\$ 277,088
Add net in- come for period			<u>28,674</u>			<u>3,598</u>
Balance end of period (sch. 1)			<u>\$ 309,360</u>			<u>\$ 280,686</u>

a/Amount adjusted on the basis of purchase prices less trade discounts.

b/Includes obsolete and damaged merchandise written off during 1977 of \$2,490.41 (\$3,360 in 1976).

c/Fiscal year 1977 salaries \$369,248.80 (\$336,074.40 in 1976), employee benefits of \$35,337.29 (\$30,608.67 in 1976) and other operating expenses of the Office Supply Service were provided under separate appropriations for the House of Representatives, and Architect of the Capitol which were not required to be included as expenses in determining net income. Fiscal year 1977 salaries of personnel working at Office Supply Service but not on the Service payroll were \$40,736.95 (\$33,842.40 in 1976), and salaries for summer interns were \$26,512.11 (\$17,246.80 in 1976). The cost of employee benefits incurred for these personnel was \$2,865.02 (\$2,758.26 in 1976).

HOUSE OF REPRESENTATIVESSTATIONERY REVOLVING FUNDCOMPARATIVE STATEMENT OF CHANGE IN FINANCIAL POSITIONFOR THE FISCAL YEARS ENDED JUNE 30, 1977, AND 1976

	<u>1977</u>	<u>1976</u>
FUNDS PROVIDED:		
Sales:		
Members	\$2,394,710	\$2,470,366
Committees, officers of the House, and others	336,029	781,387
Services:		
Members	396,394	314,984
Committees, officers of the House, and others	10,605	5,597
Appropriations for stationery allowances	2,853,500	2,853,500
Funds returned by outgoing Members	<u>22,384</u>	<u>-</u>
Total	<u>\$6,513,622</u>	<u>\$6,425,834</u>
FUNDS APPLIED:		
Cost of sales	\$3,202,065	\$3,248,155
Cost of services	406,999	320,581
Appropriations allotted	2,871,917	2,871,916
Increase or decrease (-) in working capital	<u>32,641</u>	<u>-14,813</u>
Total	<u>\$6,513,622</u>	<u>\$6,425,834</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	<u>Increase or decrease (-) in working capital</u>	
	<u>1977</u>	<u>1976</u>
WORKING CAPITAL CHANGES:		
Cash in U.S. Treasury	\$ 330,339	\$ 87,778
Accounts receivable:		
Committees, officers of the House, and others	-19,828	33,967
Members' stationery accounts overdrawn	-605	506
Vendors	-4,411	-3,728
Inventory	-74,661	-181,512
Accounts payable	-88,009	120,197
Allowance due Members	<u>-160,184</u>	<u>-72,026</u>
INCREASE OR DECREASE (-) IN WORKING CAPITAL	<u>\$ 32,641</u>	<u>\$ -14,813</u>

HOUSE OF REPRESENTATIVESSTATIONERY REVOLVING FUNDSTATEMENT OF MEMBERS' STATIONERY ACCOUNTSFOR THE FISCAL YEAR ENDED JUNE 30, 1977

AMOUNT DUE MEMBERS AT JULY 1, 1976

\$1,345,427

ADDITIONS:

Amount provided by Legislative Branch Appropriation Act, 1977 (Public Law 94-440) for 1st Session, 95th Congress	\$2,553,500	
Amount provided by Legislative Branch Appropriations--previously not allotted	18,417	
Cash deposited by Members	773,542	
Transferred from Members' other allowances	<u>45,282</u>	<u>3,690,741</u>
Total available		5,036,168

DEDUCTIONS:

Stationery purchases by Members	2,394,710	
Services authorized	396,354	
Cash withdrawals	603,906	
Cash returned to Treasury by Members	38,031	
Decrease in balance of Members' stationery accounts overdrawn	605	
Members' accounts returned to unallotted appropriations	22,384	
Transferred to Members' other allowances	<u>74,527</u>	<u>3,530,537</u>

AMOUNT DUE MEMBERS AT JUNE 30, 1977

\$1,505,611